

The Honorable Robert S. Lasnik

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7 Attorneys for Defendant

8
9 UNITED STATES DISTRICT COURT
10 WESTERN DISTRICT OF WASHINGTON
11 AT SEATTLE

11 EDWARD JOHN KOWAL,

12 Plaintiff,

13 v.

14 ZVUE CORPORATION, a Delaware
15 Corporation, JEFF OSCODAR, BILL BUSH,
16 and CARL PAGE,

17 Defendants.

NO. C08-108RSL

DECLARATION OF CARL PAGE

18 I, CARL PAGE, am competent to testify to the matters set forth herein and make this
19 declaration of my own personal knowledge and belief.

- 20 1. I am the chief technology officer of ZVUE and a member of the Board of Directors.
21 2. ZVUE is in the web-based entertainment business and entertainment hardware
22 design and marketing.
23 3. In 2006, ZVUE, previously known as Handheld Entertainment, Inc., purchased
24 from Zeus Promotions, LLC, a Delaware limited liability company owned and
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DECLARATION OF CARL PAGE

/111308 1600/

- 1 -

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1 controlled by plaintiff, a company called Dorks, LLC. Dorks, LLC, was a web-
2 based entertainment company which fit into the long-term strategic plan for ZVUE.

3 4. On August 1, 2007, ZVUE purchased EBW Acquisition, Inc., and eBaum's World,
4 Inc., (the "eBaum transaction"), a much larger and more comprehensive web and
5 internet service than ZVUE or Dorks.com.

6 5. I first learned of the dispute between plaintiff and ZVUE in January, 2008 when the
7 Board was advised of the lawsuit. I had no involvement in the decisions regarding
8 the Kowal bonus, if any, for the eBaum transaction other than my vote on the Board
9 approving a bonus of 303,398 shares on October 31, 2007.

10 6. After learning of the lawsuit, I communicated with Mr Kowal as a friend. He
11 appeared to be angry and alienated from ZVUE. I explained that we were all good
12 people trying to succeed as a business together. I indicated that Jeff Osoedar was
13 not his enemy and that he wanted to resolve the matter promptly in an way that
14 would be a benefit for all parties. I set forth my personal views that successful
15 business people don't rely on courts except as a last resort, because court battles
16 must on average devour more resources than they generate. These communications
17 were made after the lawsuit had been filed and therefore had no impact on the
18 decisions ZVUE had already made which were the subject of the lawsuit. A copy of
19 my email communications are attached.
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DECLARATION OF CARL PAGE

/s/11308 1600/

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1 I declare the foregoing to be true and accurate to the best of my knowledge under
2 penalty of perjury.

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4 
5 CARL PAGE

6 Executed this 13 day of November, 2008,
7 at San Francisco, California.
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DECLARATION OF CARL PAGE

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John Kowal

From: "John Kowal" <John@Dorks.com>
To: <carlp-gmail@findpage.com>
Sent: Tuesday, January 15, 2008 4:58 PM
Subject: Re: Fw: Handheld Entertainment, Inc. - Settlement Purposes

With all due respect Carl, wages are what is being withheld, and defined by washington state law. The contract:

3.2 Bonuses. Employee shall be eligible for bonuses in the form of stock as set forth on the attached Schedule A. The Company and Employee understand and agree that the principal goal of Employee's services shall be to expand the business of Dorks, LLC via acquisitions of similar businesses, and that both the Company and Employee agree that the compensation of Employee is therefore primarily based upon how successful he will be in fulfilling that goal.

And the statute:

<http://apps.leg.wa.gov/RCW/default.aspx?cite=49.52.050>

I am only using terms that the government has setup and use. I beleive that you are misunderstanding the term "wages and bonus". I think you can agree working for 20k a year is not going to be interpreted as my sole wage by anyone. Luckily the contract also defines that above.

I do appreciate your taking the time on this Carl. At this stage I have contacted Jeff several times, Bill as well. I tried many, many times, all documented to settle this. At this stage I just don't know what more that I can do. I really don't feel like getting angry and being run around anylonger, but I will reach out one last time later.

--- Original Message -----

From: carlp-gmail@findpage.com
To: John Kowal
Sent: Tuesday, January 15, 2008 3:31 PM
Subject: Re: Fw: Handheld Entertainment, Inc. - Settlement Purposes

I really think you should be putting some time and attention on this problem today. Things will start to go downhill fast if you don't but it is not too late to settle efficiently. Getting all emotional and giving people the silent treatment is not one of the habits of highly effective people.

JK 0282

6/12/2008

You should talk to Jeff because he wants to be more generous than what the contract calls for, but if the lawyers and the board get involved then he loses his negotiating room.

Note that you're not talking about wages in any normal use of the term. Shouldn't use that word- makes people take you less seriously.

Also note that the lawyers like to get their clients angry so they will fight in court. Even if you lose, your lawyer stands to make \$100,000. The more successful business people spend a lot more time negotiating with their customers/clients/partners, and a lot less time talking thru lawyers. You won't get half as angry if you don't watch the lawyers poking each other in the eye in a money making ritual that's been going on for hundreds of years.

(arl

JK 0283

6/13/2008

John Kowal

From: "John Kowal" <John@Dorks.com>
To: <carlp-gmail@findpage.com>
Sent: Thursday, January 17, 2008 2:10 PM
Subject: Re: Fw: Handheld Entertainment, Inc. - Settlement Purposes

Carl,

Per your request, I had a talk with Jeff and I really don't think this is going anywhere. Jeff and I said we wouldn't discuss the details of the conversation, so I am honoring that promise. However the overview of the conversation was Jeff trying to absolve himself of guilt, and blame it all on Bill Bush. I don't think so....

Look I can't understand how a gentleman such as yourself would feel its ok to withhold my payments, or what washington state calls wages. Its very unfortunate to say the least that you have taken this position especially with information that doesn't look like its very accurate. I tried to discuss with Jeff, and got no where except him trying to get me to either agree that if he had talked to me in Novemeber it would have been the same result, or that its Bill's fault. All obviously not going to fly in court.

You have surrounded yourself with these people, and for that I truely feel sorry for you. I do not hold ill will against you, I just don't think you have been given information that is either valid or truthful. Jeff has used this as a means to run me out of the company ever since Gordon warned you about it, and I objected to putting Tom in a position he had no experience in. Unfortunately he will continue to do this to people that do not agree with him, and hate to see the company being run right back into the ground.

Anyways, I will continue to work on what I can in hopes that we might come to some sort of reasonable agreement. But after our conversation yesterday, I really doubt it.

John Kowal

— Original Message —

From: carlp-gmail@findpage.com
To: John Kowal
Sent: Tuesday, January 15, 2008 4:24 PM
Subject: Re: Fw: Handheld Entertainment, Inc. - Settlement Purposes

I'm going to work on the embedded putfile issue. I don't think the current solution is very good. Some folks think the embedded player is costing too much bandwidth relative to the user benefit. I think we should study the economics more, value user satisfaction a lot, and see if there is a way to justify or defray any great expenses. Perhaps we should pop out from the embedded player if a particular video is costing us too much but make the feature work normally in the majority of cases.

I hope you and Jeff do try once more to get to reasonable terms.

I haven't seen him lie to anyone.

I don't like the fact that smart people disagree about the meaning of what should have been a simple contract. But I don't think our CEO should be reading every word of every contract...

Believe it or not Jeff has been taking your side against some internal opposition from Harvey and Bill. But like you, he is just about out of patience.

(arl

JK 0284

6/13/2008